

BUENA VISTA COUNTY  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2006

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BUENA VISTA COUNTY

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>EXPIRES</u>
Jim Gustafson	Board of Supervisors	Jan. 2007
Bill Lanphere	Board of Supervisors	Jan. 2007
Richard Vail	Board of Supervisors	Jan. 2007
Lorna Burnside	Board of Supervisors	Jan. 2009
Herb Crampton	Board of Supervisors	Jan. 2009
Karen Strawn	County Auditor	Jan. 2009
Kathleen Bach	County Treasurer	Jan. 2007
Shari O'Bannon	County Recorder	Jan. 2007
Charles E. Eddy	County Sheriff	Jan. 2009
Philip Havens	County Attorney	Jan. 2007
Kathy Croker	County Assessor	Jan. 2010

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.  
JEFFORY B. STARK, C.P.A.  
KEITH C. GERMANN, C.P.A.  
RICHARD R. MOORE, C.P.A.  
KENNETH A. PUTZIER, C.P.A. (RETIRED)  
W.J. HUNZELMAN, C.P.A. 1921-1997

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Buena Vista County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the omission of the materials and supplies inventory, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2006, on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 38 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2003, (which is not presented herein) and expressed a qualified opinion on those financial statements because of the omission of general fixed assets and materials and supplies inventory. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the years ended June 30, 2004 and June 30, 2005, (neither of which are presented herein) and expressed qualified opinions on those financial statements because the materials and supplies inventory was omitted. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungelman, Putzier & Co.*

November 17, 2006

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Buena Vista County provides this Management Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2006 FINANCIAL HIGHLIGHTS

- Buena Vista County's governmental fund revenues decreased \$63,836 or 0.4%, from fiscal FY'05. Charges for services increased approximately \$164,000, grants decreased approximately \$663,000, penalty and interest on taxes decreased approximately \$57,000, property taxes increased approximately \$84,000, local option sales tax increased approximately \$92,000, state credits decreased by approximately \$48,000, interest earned increased by approximately \$96,000, and other general revenues increased by approximately \$293,000.
- Buena Vista County's governmental fund expenditures increased \$1,023,458 or 8.9% from FY'05. There was an increase in mental health provider rates, a project to update the County's comprehensive plan, a gravel crushing and stockpile project, and pre-construction expense for the new Law Enforcement Center.
- Buena Vista County's net assets increased \$2,501,920, or approximately 25.0%, from June 30, 2005 to June 30, 2006, mainly due to road construction projects.
- Buena Vista County increased property taxes for 2006 by \$78,995, a 1.3% increase. (Note: In FY'06, the valuation increased \$11.1 million. The total levy rate increase was .13361).

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Buena Vista County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Buena Vista County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Buena Vista County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.
- Other Supplementary Information provides detailed information about the non-major funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) Proprietary funds account for the County's Internal Service Fund, Employee Group Health. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

**REPORTING THE COUNTY'S FINANCIAL ACTIVITIES - (Continued)**

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

<b>Net Assets of Governmental Activities</b>		
	<u>June 30,</u> <u>2006</u>	<u>2005</u>
Current and other assets	\$12,312,449	\$12,612,013
Capital assets	<u>11,957,354</u>	<u>9,559,712</u>
Total assets	<u>24,269,803</u>	<u>22,171,725</u>
Long-term liabilities	5,122,785	5,650,849
Other liabilities	<u>6,603,730</u>	<u>6,479,508</u>
Total liabilities	<u>11,726,515</u>	<u>12,130,357</u>
Net assets		
Invested in capital assets, net of related debt	11,527,765	9,008,653
Restricted	4,558,690	4,604,228
Unrestricted	<u>(3,543,167)</u>	<u>(3,571,513)</u>
Total net assets	<u>\$12,543,288</u>	<u>\$10,041,368</u>

<b>Changes in Net Assets of Governmental Activities</b>		
	<u>Year Ended June 30,</u> <u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for service	\$ 1,258,439	\$ 1,094,826
Operating grants, contributions, and restricted interest	4,236,179	4,304,049
Capital grants, contributions, and restricted interest	2,125,346	2,720,192
General revenues:		
Property tax	5,912,597	5,828,385
Penalty and interest on property tax	19,647	76,634
Local option sales tax	655,360	563,711
State tax credits	268,629	316,943
Grants and contributions not restricted to specific purposes	-	24,367
Unrestricted investment earnings	187,479	91,268
Other general revenues	<u>354,499</u>	<u>61,636</u>
Total revenues	<u>15,018,175</u>	<u>15,082,011</u>
Program expenses:		
Public safety and legal services	2,196,418	2,044,276
Physical health and social services	991,033	1,044,190
Mental health	1,399,062	1,259,234
County environment and education	655,844	498,328
Roads and transportation	4,523,405	2,423,980



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

Governmental services to residents	\$ 501,020	\$ 460,487
Administration	1,021,260	1,066,731
Non-program	1,024,409	2,487,712
Interest on long-term debt	<u>203,804</u>	<u>207,859</u>
Total expenses	<u>12,516,255</u>	<u>11,492,797</u>
Increase in net assets	2,501,920	3,589,214
Net assets beginning of year, as restated	<u>10,041,368</u>	<u>6,452,154</u>
Net assets end of year	<u>\$12,543,288</u>	<u>\$10,041,368</u>

The cost of all governmental activities this year was \$12,516,255.

As noted earlier, net assets may serve over time as a useful indicator of financial position. Buena Vista County's net assets increased from \$10,041,368 to \$12,543,288. The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$5,280,588, a decrease of \$633,682 below FY'05's total of \$5,914,270.

- From FY'05 to FY'06, General Fund expenditures increased \$584,057, and revenues decreased \$182,356. Included in the expenditures were \$118,452 for new voting equipment and software, \$305,727 for the Law Enforcement Center, and approximately \$71,000 for a handicap accessible ramp at the courthouse.
- Mental Health expenditures increased \$151,967 and revenues increased \$209,513. The ending fund balance increased \$55,427.
- Rural Fund expenditures increased \$130,725, and revenues increased \$55,029. The ending fund balance decreased \$9,626. Some of the increase was due to Sheriff's deputies wages now being expended in the fund as apposed to the General Fund.
- Secondary Roads Fund expenditures increased \$1,279,040, and revenues decreased \$31,983. The ending fund balance decreased \$466,958. The increase in expenditures is due to road construction and a gravel crushing and stockpile project.
- Debt Service Fund expenditures decreased \$542,356, and revenues decreased \$173,287. The ending fund balance decreased \$25,728. The decrease in expenditures was due to a refinancing of Buena Vista Regional Medical Center debt in FY'05 which resulted in increased payments.

## **BUDGETARY HIGHLIGHTS**

During FY'06, Buena Vista County amended its budget two times. The first amendment, which was approved January 17, 2006, increased revenue by \$13,825, general long-term debt proceeds by \$500,703, and expenditures by \$953,028.

The second amendment, which was approved May 30, 2006, increased revenue by \$15,493, general long-term debt proceeds by \$4,800,000, operating transfers in by \$482,298, expenditures by \$467,589, and operating transfers out by \$482,298. In this amendment, it was anticipated that general obligation bonds for the new Law Enforcement Center would be sold and the expenditures for construction would begin prior to June 30, 2006. However, the invitation to bid was issued later than expected, and neither bond revenues nor construction costs were included in 2006.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2006, Buena Vista County had approximately \$12.0 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This is a net increase (including additions and deletions) of approximately \$2,397,000, or 25.1 percent over last year.

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#### **Capital Assets of Governmental Activities at Year End (Expressed in Thousands)**

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	<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 564	\$ 564
Construction in progress	1,929	575
Buildings and improvements	907	837
Equipment and vehicles	4,290	3,947
Infrastructure	4,267	3,637
Total	<u>\$11,957</u>	<u>\$ 9,560</u>

This year's major additions included (in thousands):

Capital assets contributed by the Iowa Department of Transportation	\$ 1,396
Secondary roads equipment	267
Law Enforcement Center architectural services	192
Bridge project off M-50	181
Voting equipment	167
Maple Valley bridge	120
Grant township bridge replacement	107
Sheriff's Department vehicles	85
Law Enforcement Center construction management services	72
Handicap accessible ramp for Court House	71
Providence township culvert replacement	70
Comprehensive development plan	53
Secondary Roads vehicles	36
Superior Street shed	34
Financial software	33
Electric upgrade in campground	24
New tractor for Conservation	22
Prepayment on storage shed	20
Public Health Department vehicle	17
Mental Health Department vehicle	15
Copier	13
Elk township culvert - current year's work	3
Grant township box culvert project - current year's work	2
Total	<u>\$ 3,000</u>

The County had depreciation expense of \$569,643 in FY'06 and total accumulated depreciation of \$3,676,079 at June 30, 2006.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)**

### **Long Term Debt**

The County's FY'06 statutory debt limit was 5% of the assessed valuation, or \$46,437,014. At June 30, 2006, Buena Vista County had \$4,386,848 in outstanding general obligation bonds, or 9.5% of capacity. Outstanding bonds included \$3,957,259 for the Buena Vista Regional Medical Center addition and remodeling, \$425,000 for the lake dredge and equipment, and \$4,589 loan for a Comprehensive Plan update. The County does not have a current bond rating.

Other obligations include accrued vacation pay and compensatory time, and drainage district warrants. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

## **ECONOMIC FACTS AND NEX YEAR'S BUDGET AND RATES**

Buena Vista County's elected and appointed officials considered a number of factors when setting the 2007 budget and levy rates. One of the factors was the economy. According to Iowa Workforce Development, at the end of FY'06 Buena Vista County's unemployment rate was 3.7%, down from 4.4% in FY'05. The State's rates were 3.7% and 4.5%, respectively, for FY'06 and FY'05. The consumer price index was 3.2% for FY'06 compared to 3.4% for FY'05.

A significant factor in developing the budget was the proposed Law Enforcement Center. In November 2005, voters approved a \$4.8 million General Obligation Bond issue. Shortly before the election, Hurricane Katrina hit Louisiana and other Southern states. As efforts began to repair and rebuild, the price of construction materials began to increase due to the demand. By budget time it was uncertain whether there would be an LEC project since the project could not exceed \$4.8 million. Due to an increase in the valuation and levy rates from the year prior, the cost of the proposed first year principal and interest payments was planned within the existing rates, with no increase in levies.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Buena Vista County Auditors Office, 215 E. 5<sup>th</sup> St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2006

Exhibit A

Governmental  
Activities

ASSETS

Cash and pooled investments	\$ 4,974,030
Receivables:	
Property tax:	
Delinquent	12,728
Succeeding year	5,984,109
Interest and penalty on property tax	17,108
Accounts	105,530
Accrued interest	21,438
Drainage assessments	252,812
Due from other governments	906,592
Prepaid insurance	38,102
Capital assets (net of accumulated depreciation)	<u>11,957,354</u>
Total assets	<u>24,269,803</u>

LIABILITIES

Accounts payable	312,887
Accrued interest payable	34,852
Salaries and benefits payable	68,468
Due to other governments	150,671
Deferred revenue:	
Succeeding year property tax	5,984,109
Other	52,743
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	381,499
Compensated absences	331,392
Portion due or payable after one year:	
General obligation bonds	4,005,349
Drainage warrants/drainage improvement certificates payable	<u>404,545</u>
Total liabilities	<u>11,726,515</u>

NET ASSETS

Invested in capital assets, net of related debt	11,527,765
Restricted for:	
Supplemental levy purposes	643,713
Secondary roads purposes	2,698,397
Debt service	41,204
Other purposes	1,175,376
Unrestricted (Note 20)	<u>(3,543,167)</u>
Total net assets	<u>\$ 12,543,288</u>

See notes to financial statements.

BUENA VISTA COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006

Exhibit B

Functions/Programs	Expenses	Charges for Service	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 2,196,418	\$ 100,948	\$ 92,460	\$ -	\$ 2,003,010
Physical health and social services	991,033	338,203	376,764	-	276,066
Mental health	1,399,062	2,778	926,627	-	469,657
County environment and education	655,844	3,788	33,684	-	618,372
Roads and transportation	4,523,405	164,464	2,757,130	1,699,345	(97,534)
Governmental services to residents	501,020	313,453	30,917	-	156,650
Administration	1,021,260	31,386	13,073	-	976,801
Non-program	1,024,409	303,419	5,524	426,001	289,465
Interest on long-term debt	203,804	-	-	-	203,804
Total	<u>\$12,516,255</u>	<u>\$ 1,258,439</u>	<u>\$ 4,236,179</u>	<u>\$ 2,125,346</u>	<u>4,896,291</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					5,310,580
Debt service					602,017
Penalty and interest on property tax					19,647
State tax credits					268,629
Local option sales tax					655,360
Unrestricted investment earnings					187,479
Miscellaneous					<u>354,499</u>
Total general revenues					<u>7,398,211</u>
Change in net assets					2,501,920
Net assets beginning of year					<u>10,041,368</u>
Net assets end of year					<u>\$ 12,543,288</u>

See notes to financial statements.

BUENA VISTA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

Exhibit C

		Special Revenue						
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total	
<b>ASSETS</b>								
Cash and pooled investments	\$ 1,082,215	\$ 541,393	\$ 149,109	\$2,416,474	\$ 58,246	\$ 505,801	\$ 4,753,238	
Receivables:								
Property tax:								
Delinquent	15,970	1,775	3,017	-	4,307	-	25,069	
Succeeding year	3,452,180	383,743	1,217,254	-	930,932	-	5,984,109	
Interest and penalty on property tax	53,268	-	-	-	-	-	53,268	
Accounts	39,178	1,230	-	64,765	-	357	105,530	
Accrued interest	20,598	-	-	-	-	377	20,975	
Drainage assessments	-	-	-	-	-	252,812	252,812	
Due from other governments	172,585	25,084	111,886	473,290	-	123,747	906,592	
Prepaid expenses	68,346	4,755	3,440	18,985	-	-	95,526	
Total assets	<u>\$ 4,904,340</u>	<u>\$ 957,980</u>	<u>\$1,484,706</u>	<u>\$2,973,514</u>	<u>\$ 993,485</u>	<u>\$ 883,094</u>	<u>\$12,197,119</u>	
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 119,155	\$ 32,254	\$ 8,286	\$ 109,449	\$ -	\$ 43,173	\$ 312,317	
Interest payable	-	-	-	-	-	21,619	21,619	
Salaries and benefits payable	34,572	6,824	2,752	24,320	-	-	68,468	
Due to other governments	23,244	125,399	477	1,551	-	-	150,671	
Deferred revenue:								
Succeeding year property tax	3,452,180	383,743	1,217,254	-	930,932	-	5,984,109	
Other	68,509	1,600	36,403	16,141	3,882	252,812	379,347	
Total liabilities	<u>3,697,660</u>	<u>549,820</u>	<u>1,265,172</u>	<u>151,461</u>	<u>934,814</u>	<u>317,604</u>	<u>6,916,531</u>	
Fund balances:								
Reserved for:								
Supplemental levy purposes	642,760	-	953	-	-	-	643,713	
Drainage warrants	-	-	-	-	-	(23,814)	(23,814)	
Future expenditures	-	-	-	-	-	85,132	85,132	
Unreserved, reported in:								
General fund	563,920	-	-	-	-	-	563,920	
Special revenue funds	-	408,160	218,581	2,822,053	-	546,240	3,995,034	
Debt service fund	-	-	-	-	58,671	-	58,671	
Capital projects fund	-	-	-	-	-	(42,068)	(42,068)	
Total fund balances	<u>1,206,680</u>	<u>408,160</u>	<u>219,534</u>	<u>2,822,053</u>	<u>58,671</u>	<u>565,490</u>	<u>5,280,588</u>	
Total liabilities and fund balances	<u>\$ 4,904,340</u>	<u>\$ 957,980</u>	<u>\$1,484,706</u>	<u>\$2,973,514</u>	<u>\$ 993,485</u>	<u>\$ 883,094</u>	<u>\$12,197,119</u>	

See notes to financial statements.

BUENA VISTA COUNTY  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2006

Exhibit D

Total governmental fund balances	\$ 5,280,588
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, used in governmental activities, are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$15,633,433 and the accumulated depreciation is \$3,676,079.	11,957,354
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	328,803
The allowance for uncollectible accounts receivable is not reported in the funds.	(48,501)
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	161,062
Long-term liabilities, including notes payable, accrued interest payable, compensated absences payable, and drainage warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,136,018)</u>
Net assets of governmental activities	<u>\$12,543,288</u>

See notes to financial statements.

BUENA VISTA COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2006

Exhibit E

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
Revenues:							
Property and other County tax	\$ 3,627,695	\$ 510,165	\$1,434,731	\$ -	\$ 602,240	\$ 402,533	\$6,577,364
Interest and penalty on property tax	46,464	-	-	-	-	-	46,464
Intergovernmental	945,505	941,232	64,170	3,059,260	26,808	35,975	5,072,950
Licenses and permits	23,201	-	1,150	3,345	-	-	27,696
Charges for service	457,032	2,778	2,620	144,195	-	18,614	625,239
Use of money and property	223,731	-	4,700	-	-	12,020	240,451
Miscellaneous	55,730	8,280	5,771	17,925	-	411,596	499,302
Total revenues	<u>5,379,358</u>	<u>1,462,455</u>	<u>1,513,142</u>	<u>3,224,725</u>	<u>629,048</u>	<u>880,738</u>	<u>13,089,466</u>
Expenditures:							
Operating:							
Public safety and legal services	1,994,587	-	135,545	-	-	-	2,130,132
Physical health and social services	987,561	-	-	-	-	-	987,561
Mental health	-	1,407,028	-	-	-	-	1,407,028
County environment and education	303,796	-	338,157	-	-	396	642,349
Roads and transportation	3,987	-	-	4,488,839	-	-	4,492,826
Governmental services to residents	482,992	-	3,354	-	-	2,308	488,654
Administration	1,018,628	-	-	-	-	1,086	1,019,714
Non-program	37,943	-	-	816,506	-	297,406	1,151,855
Debt service	203,513	-	-	-	654,776	-	858,289
Capital projects	125,208	-	-	-	-	584,864	710,072
Total expenditures	<u>5,158,215</u>	<u>1,407,028</u>	<u>477,056</u>	<u>5,305,345</u>	<u>654,776</u>	<u>886,060</u>	<u>13,888,480</u>
Excess (deficiency) of revenues over expenditures	<u>221,143</u>	<u>55,427</u>	<u>1,036,086</u>	<u>(2,080,620)</u>	<u>(25,728)</u>	<u>(5,322)</u>	<u>(799,014)</u>
Other financing sources (uses):							
Sale of assets	51,239	-	-	4,268	-	-	55,507
Operating transfers in (out)	(442,160)	-	(1,045,712)	1,609,394	-	(121,522)	-
General obligation bond proceeds	-	-	-	-	-	213,000	213,000
Proceeds from refunding bonds escrow account	-	-	-	-	493,325	-	493,325
Payment to refunding bonds escrow agent	-	-	-	-	(493,325)	-	(493,325)
Drainage district warrants	-	-	-	-	-	(103,175)	(103,175)
Total other financing sources (uses)	<u>(390,921)</u>	<u>-</u>	<u>(1,045,712)</u>	<u>1,613,662</u>	<u>-</u>	<u>(11,697)</u>	<u>165,332</u>
Net change in fund balances	(169,778)	55,427	(9,626)	(466,958)	(25,728)	(17,019)	(633,682)
Fund balances, beginning of year	<u>1,376,458</u>	<u>352,733</u>	<u>229,160</u>	<u>3,289,011</u>	<u>84,399</u>	<u>582,509</u>	<u>5,914,270</u>
Fund balances, end of year	<u>\$ 1,206,680</u>	<u>\$ 408,160</u>	<u>\$ 219,534</u>	<u>\$ 2,822,053</u>	<u>\$ 58,671</u>	<u>\$ 565,490</u>	<u>\$5,280,588</u>

See notes to financial statements.



BUENA VISTA COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006

Exhibit F

Net change in fund balances - Total governmental funds \$ (633,682)

Amounts reported for governmental activities in the Statement of  
 Activities are different because:

Governmental funds report capital outlays as expenditures while  
 governmental activities report depreciation expense to allocate those  
 expenditures over the life of the assets. Capital outlay expenditures and  
 contributed capital assets exceeded depreciation expense in the current  
 year as follows:

Expenditures for capital assets	\$1,572,572	
Capital assets contributed by the Iowa Department of Transportation	1,396,213	
Depreciation expense	(569,643)	
Basis of capital assets sold	<u>(1,500)</u>	2,397,642

Because some revenues will not be collected for several months after the  
 County's year end, they are not considered available revenues and are  
 deferred in the governmental funds as follows:

Property tax	2,934	
Other	<u>229,511</u>	232,445

The increase in the allowance for uncollectible accounts receivable is not reported  
 in the fund financial statements:

Increase in allowance for uncollectible property tax	(12,341)	
Increase in allowance for uncollectible penalties and interest	<u>(36,160)</u>	(48,501)

Proceeds from issuing long-term liabilities provide current financial  
 resources to governmental funds, but issuing debt increases long-term  
 liabilities in the Statement of Net Assets. Repayment of long-term  
 liabilities is an expenditure in the governmental funds, but the repayment  
 reduces long-term liabilities in the Statement of Net Assets. Current year  
 repayments exceeded issued as follows:

Issued	(213,000)	
Repaid	772,645	
Amortization of deferred charges	<u>(21,324)</u>	538,321

Some expenses reported in the Statement of Activities do not require the  
 use of current financial resources and, therefore, are not reported as  
 expenditures in governmental funds, as follows:

Compensated absences	(10,257)	
Interest on long-term debt	<u>7,930</u>	(2,327)

The Internal Service Fund is used by management to charge the costs of  
 employee health benefits to individual funds. The change in net assets of  
 the Internal Service Fund is reported with governmental activities.

18,022

Change in net assets of governmental activities

\$2,501,920

See notes to financial statements.

BUENA VISTA COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2006

Exhibit G

Internal  
Service-  
Employee  
Group  
Health

ASSETS

Cash and cash equivalents	\$ 220,792
Interest receivable	<u>463</u>
Total assets	<u>221,255</u>

LIABILITIES

Accounts payable	570
Deferred revenue	<u>59,623</u>
Total liabilities	<u>60,193</u>

NET ASSETS

Unrestricted	<u>\$ 161,062</u>
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See notes to financial statements.

BUENA VISTA COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2006

Exhibit H

	Internal Service- Employee Group <u>Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 670,040
Reimbursements from employees	<u>289,796</u>
Total operating revenues	959,836
Operating expenses:	
Medical claims and administrative fees	<u>946,562</u>
Operating income	13,274
Non-operating revenues:	
Interest income	<u>4,748</u>
Net income	18,022
Net assets beginning of year	<u>143,040</u>
Net assets end of year	<u>\$ 161,062</u>

See notes to financial statements.

BUENA VISTA COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2006

Exhibit I

Internal  
Service-  
Employee  
Group  
Health

Cash flows from operating activities:	
Cash received from operating fund reimbursements and employees	\$ 968,426
Cash payments for medical claims and administrative fees	<u>(963,545)</u>
Net cash provided by operating activities	4,881
 Cash flows from investing activities:	
Interest on investments	<u>4,556</u>
 Net increase in cash and cash equivalents	9,437
Cash and cash equivalents, beginning of year	<u>211,355</u>
 Cash and cash equivalents, end of year	<u>\$ 220,792</u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 13,274
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	826
Decrease in accounts payable	(16,981)
Increase in deferred revenue	<u>7,762</u>
 Net cash provided by operating activities	<u>\$ 4,881</u>

See notes to financial statements.

BUENA VISTA COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2006

Exhibit J

ASSETS

Cash and pooled investments:	
County treasurer	\$ 1,293,801
Other County officials	45,387
Receivables:	
Property tax:	
Delinquent	80,950
Succeeding year	15,572,182
Accounts	72,535
Due from other governments	52,656
Total assets	<u>17,117,511</u>

LIABILITIES

Accounts payable	61,583
Salaries and benefits payable	164
Due to other governments	17,039,228
Trusts payable	16,536
Total liabilities	<u>17,117,511</u>
Net Assets	<u>\$ -</u>

See notes to financial statements.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(1) Summary of Significant Accounting Policies

Buena Vista County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Buena Vista County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred thirty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

Jointly Governed Organizations -The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County Empowerment Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multicounty Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.



BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Property tax revenues recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2004, assessed property valuations; is for the tax accrual period July 1, 2005, through June 30, 2006; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset life are not capitalized. Reportable capital assets are defined by the County as assets with initial individual costs in excess of the following thresholds, and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$65,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Building improvements	50
Infrastructure	65
Equipment	5-20
Vehicles	4-15

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Net Assets - The net assets of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

During the year ended June 30, 2006, disbursements exceeded the amount budgeted in the debt service function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2006, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies, and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2006, are as follows:

<u>Type</u>	<u>Fair Value</u>
Drainage warrants	<u>\$1,509</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$63,138 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but maturities shall be consistent with the needs and use of the County.

Credit risk - The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk - The County places no limit on the amount that may be invested in any one issuer.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(3) Landfill Agreement

The County participates in an agreement with the Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities. Payments to that commission totaled \$149,978 during the year ended June 30, 2006.

The County has guaranteed closure and post-closure costs of the landfill as per Chapter 111.6(7) of the Iowa Administrative Code. The total costs have been estimated at approximately \$173,880 and \$874,500, respectively. The landfill has an estimated remaining life of three years as of June 30, 2006.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Capital Projects	\$ 46,500
Special Revenue: Secondary Roads	General	103,865
	Special Revenue: Rural Services	1,045,712
	Local Option Secondary Roads	459,817
		<u>1,609,394</u>
Conservation Land Acquisition	General	<u>12,297</u>
Capital Projects	General	<u>372,498</u>
Total		<u>\$2,040,689</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2006, was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 564,022	\$ -	\$ -	\$ 564,022
Construction in progress	<u>575,069</u>	<u>1,354,056</u>	<u>-</u>	<u>1,929,125</u>
Total capital assets not being depreciated	<u>1,139,091</u>	<u>1,354,056</u>	<u>-</u>	<u>2,493,147</u>

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(5) Capital Assets - (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets being depreciated:				
Buildings	\$ 1,728,461	\$ 34,000	\$ -	\$ 1,762,461
Equipment and vehicles	6,092,180	680,647	(96,366)	6,676,461
Infrastructure	3,770,026	931,338	-	4,701,364
Total capital assets being depreciated	<u>11,590,667</u>	<u>1,645,985</u>	<u>(96,366)</u>	<u>13,140,286</u>
Less: accumulated depreciation for:				
Buildings	891,494	34,573	-	926,067
Equipment and vehicles	2,145,773	378,977	(63,610)	2,461,140
Infrastructure	132,779	156,093	-	288,872
Total accumulated depreciation	<u>3,170,046</u>	<u>569,643</u>	<u>(63,610)</u>	<u>3,676,079</u>
Total capital assets being depreciated, net	<u>8,420,621</u>	<u>1,076,342</u>	<u>(32,756)</u>	<u>9,464,207</u>
Governmental activities capital assets, net	<u>\$ 9,559,712</u>	<u>\$2,430,398</u>	<u>\$(32,756)</u>	<u>\$11,957,354</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Public safety and legal services				\$ 86,290
Physical health and social services				13,773
Mental health				4,049
County environment and education				63,243
Roads and transportation				359,911
Governmental services to residents				10,404
Administration				31,973
Total depreciation expense - governmental activities				<u>\$569,643</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 23,244
Special Revenue:		
Rural Services	Services	\$ 477
Secondary Roads		1,551
Mental Health		<u>125,399</u>
Total for governmental funds		<u>\$ 150,671</u>
Agency:		
County Assessor	Collections	\$ 780,671
Auto License and Use Tax		331,675
Community Colleges		476,827
Corporations		3,951,485

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(6) Due to Other Governments - (Continued)

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency:		
Schools	Collections	\$10,223,279
All other		<u>1,275,291</u>
Total for agency funds		<u>\$17,039,228</u>

(7) Special Revenue - Due From Other Governments

Included in this balance is \$33,386 which represents an unsecured promissory note due from the Buena Vista County Solid Waste Commission. This interest-free loan is due in annual installments of \$4,700 due August 1 each year until August 1, 2012, when the remaining principal balance shall be paid in full.

(8) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006, is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>	<u>Due within one year</u>
Drainage warrants/improvement certificates/drainage district deficit balances	\$ 507,720	\$ -	\$103,175	\$ 404,545	\$ -
General obligation bonds	5,076,059	213,000	669,470	4,619,589	381,499
Deferred charges on refinanced debt	(254,065)	21,324	-	(232,741)	-
Compensated absences	<u>321,135</u>	<u>10,257</u>	<u>-</u>	<u>331,392</u>	<u>331,392</u>
Total	<u>\$5,650,849</u>	<u>\$244,581</u>	<u>\$772,645</u>	<u>\$5,122,785</u>	<u>\$712,891</u>

A. Bonds Payable

A summary of the County's June 30, 2006, general obligation bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	2.00 - 3.00%	\$ 381,499	\$ 158,796	\$ 540,295
2008	2.00 - 3.30	396,529	147,366	543,895
2009	2.00 - 3.50	406,561	135,319	541,880
2010	3.25 - 3.70	415,000	121,977	536,977
2011	3.30 - 3.90	430,000	108,219	538,219
2012	3.375 - 4.10	445,000	93,669	538,669
2013	3.40 - 4.30	455,000	78,179	533,179
2014	3.500	400,000	62,079	462,079
2015	3.625	415,000	48,079	463,079
2016	3.750	430,000	33,035	463,035
2017	3.800	<u>445,000</u>	<u>16,910</u>	<u>461,910</u>
Total		<u>\$4,619,589</u>	<u>\$1,003,628</u>	<u>\$5,623,217</u>

During the year ended June 30, 2006, the County issued \$213,000 in general obligation debt and retired \$669,470 of general obligation debt.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(8) Changes in Long-Term Liabilities - (Continued)

A. Bonds Payable - (Continued)

On September 1, 1997, Buena Vista County issued \$6,000,000 of general obligation bonds to pay for remodeling and construction at Buena Vista Regional Medical Center. The county has a property tax levy to pay the principal and interest on these bonds. During the year ended June 30, 2005, the County entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances, and liabilities of the escrow account are not recorded by the County.

The amount of the refunded general obligation bonds that was considered extinguished and, therefore, excluded from long-term debt was \$4,375,000 at June 30, 2006.

The reacquisition price exceeded the net carrying amount of the old debt by \$255,842. This amount has been netted against the new debt and is being amortized over the remaining life of the new debt issued, which is shorter than the life of the refunded debt. During the year ended June 30, 2006, \$21,324 of the deferred charges were amortized to interest expense.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.



BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(9) Pension and Retirement Benefits - (Continued)

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004, were \$245,562, \$237,187, and \$239,675 respectively, equal to the required contributions for each year.

(10) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(11) Employee Health Insurance Plan

The Internal Service Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop-loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2006, was \$670,040.

Amounts payable from the Employee Group Health Fund at June 30, 2006, total \$570, which is for reported but not paid claims. The reserve for catastrophic losses was \$161,062 at June 30, 2006, and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2005	\$ 17,551
Incurred claims	946,564
Payment on claims during the fiscal year	<u>963,545</u>
Unpaid claims at June 30, 2006	<u>\$ 570</u>

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(12) Jointly Governed Organization

Buena Vista County participates in a 3-County Empowerment Board, which includes Crawford and Sac Counties. This Board is a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an agency fund due to the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2006:

Additions:

Contributions from governmental units:

Family Steps State funding	\$528,728	
TANF grant	99,366	
DECAT Program	<u>15,600</u>	\$643,694
Miscellaneous reimbursements from private sources		10
Interest income		<u>3,273</u>
Total additions		646,977

Deductions:

Administration	71,947	
Home management services	327,732	
School ready grants	26,878	
Early childhood mini-grants	83,325	
Legal and court related services	9,978	
Transportation	522	
Other	<u>7,787</u>	<u>528,169</u>

Net 118,808

Balance beginning of year 161,446

Balance end of year \$280,254

(13) Juvenile Detention Center

The County participates in the Northwest Iowa Multicounty Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2006, which is the latest information available, is summarized as follows:

Net assets, beginning of year	\$293,928
Revenues	896,030
Expenses	<u>765,583</u>
Net assets, end of year	<u>\$424,375</u>

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(14) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2006:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Costs Incurred As of 6-30-06</u>	<u>Remaining Commitment As of 6-30-06</u>
Engineering services for C-65 construction	\$ 107,570	\$ 45,330	\$ 62,240
Construction manager for LEC	238,500	71,939	166,561
Architectural services for LEC	270,811	191,609	79,202
Bluebird Creek box culvert	168,894	-	168,894
Grant township bridge replacement	312,036	107,100	204,936
Resurfacing 4 miles of M-44	575,451	-	575,451
Purchase of land and building	200,000	40,000	160,000
Drainage district #34 tree clearing	15,000	-	15,000
Comprehensive development plan	80,000	52,830	27,170
Financial software licenses and maintenance	10,508	-	10,508
	<u>\$1,978,770</u>	<u>\$508,808</u>	<u>\$1,469,962</u>

The balance remaining at June 30, 2006, will be paid as work on the projects progresses.

(15) Deficit Fund Balance

The Capital Projects fund had a deficit balance of \$42,068 at June 30, 2006. The deficit is due to accounts payable.

(16) Accounting Restatements

Beginning net assets for governmental activities has been restated to reflect a change in accrued revenue from interest and penalty on property tax. This restatement is summarized below:

	<u>Amount</u>
Net assets June 30, 2005, as previously reported	\$10,064,133
Restatement of interest and penalty on property tax	<u>(22,765)</u>
Restated net assets June 30, 2005	<u>\$10,041,368</u>

(17) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

BUENA VISTA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

(18) Unrestricted Net Assets

As a result of debt which the County has issued for other governmental entities, the unrestricted net assets is a deficit balance of \$(3,543,167) at June 30, 2006. If not for the remaining balance on the debt issued for the hospital, the unrestricted net assets at June 30, 2006, would reflect a surplus of \$414,092.

(19) Subsequent Event

On August 15, 2006, the County issued \$4,800,000 of general obligation bonds to finance a law enforcement center. The interest rate on the bonds is from 3.95 - 4.80 percent and the maturity date is June 1, 2026.

## REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY  
BUDGETARY COMPARISON  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN BALANCES - BUDGET  
AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2006

	Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
		Budgeted		Original	Final	
Receipts:						
Property and other County tax	\$ 6,480,602	\$ -	\$ 6,480,602	\$ 6,439,392	\$ 6,439,392	\$ 41,210
Interest and penalty on property tax	46,605	-	46,605	31,000	31,000	15,605
Intergovernmental	5,172,934	-	5,172,934	5,293,600	5,320,395	(147,461)
Licenses and permits	27,763	-	27,763	28,014	28,014	(251)
Charges for service	634,396	-	634,396	489,405	489,405	144,991
Use of money and property	232,138	-	232,138	126,790	126,790	105,348
Miscellaneous	554,093	401,976	152,117	334,632	337,155	(185,038)
Total receipts	<u>13,148,531</u>	<u>401,976</u>	<u>12,746,555</u>	<u>12,742,833</u>	<u>12,772,151</u>	<u>(25,596)</u>
Disbursements:						
Public safety and legal services	2,096,235	-	2,096,235	2,104,416	2,134,260	38,025
Physical health and social services	991,822	-	991,822	1,030,299	1,030,299	38,477
Mental health	1,386,498	-	1,386,498	1,569,827	1,569,827	183,329
County environment and education	634,471	-	634,471	714,085	773,405	138,934
Roads and transportation	4,483,679	-	4,483,679	4,193,200	4,593,200	109,521
Governmental services to residents	482,416	-	482,416	506,385	506,385	23,969
Administration	1,006,815	-	1,006,815	1,104,779	1,116,279	109,464
Non-program	79,334	-	79,334	483,750	488,750	409,416
Debt service	858,290	-	858,290	694,111	1,194,814	336,524
Capital projects	1,776,642	315,621	1,461,021	1,813,690	2,227,940	766,919
Total disbursements	<u>13,796,202</u>	<u>315,621</u>	<u>13,480,581</u>	<u>14,214,542</u>	<u>15,635,159</u>	<u>2,154,578</u>
Excess (deficiency) of receipts over disbursements	(647,671)	86,355	(734,026)	(1,471,709)	(2,863,008)	2,128,982
Other financing sources, net	<u>131,329</u>	<u>(103,175)</u>	<u>234,504</u>	<u>338,190</u>	<u>5,638,893</u>	<u>(5,404,389)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(516,342)	(16,820)	(499,522)	(1,133,519)	2,775,885	(3,275,407)
Balance beginning of year	<u>5,269,580</u>	<u>100,862</u>	<u>5,168,718</u>	<u>4,559,990</u>	<u>5,168,718</u>	<u>-</u>
Balance end of year	<u>\$ 4,753,238</u>	<u>\$ 84,042</u>	<u>\$ 4,669,196</u>	<u>\$ 3,426,471</u>	<u>\$ 7,944,603</u>	<u>\$(3,275,407)</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY  
BUDGETARY COMPARISON SCHEDULE-BUDGET  
TO GAAP RECONCILIATION  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2006

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 13,148,531	\$ (59,065)	\$ 13,089,466
Expenditures	<u>13,796,202</u>	<u>92,278</u>	<u>13,888,480</u>
Net	(647,671)	(151,343)	(799,014)
Other financing sources, net	131,329	34,003	165,332
Beginning fund balances	<u>5,269,580</u>	<u>644,690</u>	<u>5,914,270</u>
Ending fund balances	<u>\$ 4,753,238</u>	<u>\$ 527,350</u>	<u>\$ 5,280,588</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION - BUDGETARY REPORTING  
JUNE 30, 2006

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,420,617. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.



## OTHER SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

Schedule 1

	Special Revenue									
	Local Option Secondary Roads	County Recorder's Record Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Capital Projects	Total
<u>ASSETS</u>										
Cash and pooled investments	\$ 219,391	\$ 14,957	\$ 33,037	\$ 21,942	\$ 84,042	\$ 61,649	\$ 68,883	\$ 1,900	\$ -	\$ 505,801
Receivables:										
Accounts	-	357	-	-	-	-	-	-	-	357
Accrued interest	-	23	80	-	-	78	90	106	-	377
Drainage assessments	-	-	-	-	252,812	-	-	-	-	252,812
Due from other governments	117,573	-	6,174	-	-	-	-	-	-	123,747
Total assets	<u>\$ 336,964</u>	<u>\$ 15,337</u>	<u>\$ 39,291</u>	<u>\$ 21,942</u>	<u>\$ 336,854</u>	<u>\$ 61,727</u>	<u>\$ 68,973</u>	<u>\$ 2,006</u>	<u>\$ -</u>	<u>\$ 883,094</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,105	\$ -	\$ -	\$ -	\$ 42,068	\$ 43,173
Interest payable	-	-	-	-	21,619	-	-	-	-	21,619
Deferred revenue:										
Other	-	-	-	-	252,812	-	-	-	-	252,812
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,068</u>	<u>317,604</u>
Fund balances:										
Reserved for:										
Drainage warrants	-	-	-	-	(23,814)	-	-	-	-	(23,814)
Future expenditures	-	-	-	-	85,132	-	-	-	-	85,132
Unreserved	336,964	15,337	39,291	21,942	-	61,727	68,973	2,006	(42,068)	504,172
Total fund equity	<u>336,964</u>	<u>15,337</u>	<u>39,291</u>	<u>21,942</u>	<u>61,318</u>	<u>61,727</u>	<u>68,973</u>	<u>2,006</u>	<u>(42,068)</u>	<u>565,490</u>
Total liabilities and fund balances	<u>\$ 336,964</u>	<u>\$ 15,337</u>	<u>\$ 39,291</u>	<u>\$ 21,942</u>	<u>\$ 336,854</u>	<u>\$ 61,727</u>	<u>\$ 68,973</u>	<u>\$ 2,006</u>	<u>\$ -</u>	<u>\$ 883,094</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2006

Schedule 2

	Special Revenue											
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Clay Regional Water CDBG	Recorder's Electronic Transactions	Capital Projects	Total
Revenues:												
Property and other County tax	\$ 402,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,533
Intergovernmental	-	-	11,950	-	-	-	-	-	24,025	-	-	35,975
Charges for services	-	3,982	-	8,508	-	6,124	-	-	-	-	-	18,614
Use of money and property	-	282	668	-	-	9,298	1,628	126	-	18	-	12,020
Miscellaneous	-	37	-	-	401,976	5,884	-	-	3,699	-	-	411,596
Total revenues	402,533	4,301	12,618	8,508	401,976	21,306	1,628	126	27,724	18	-	880,738
Expenditures:												
Operating:												
County environment and education	-	-	-	-	-	-	-	396	-	-	-	396
Governmental services to residents	-	-	-	-	-	-	-	-	-	2,308	-	2,308
Administration	-	-	-	1,086	-	-	-	-	-	-	-	1,086
Non-program	-	6,575	-	-	232,907	24,000	-	-	33,924	-	-	297,406
Capital projects	-	-	-	-	-	-	-	-	-	-	584,864	584,864
Total expenditures	-	6,575	-	1,086	232,907	24,000	-	396	33,924	2,308	584,864	886,060
Excess (deficiency) of revenues over expenditures	402,533	(2,274)	12,618	7,422	169,069	(2,694)	1,628	(270)	(6,200)	(2,290)	(584,864)	(5,322)
Other financing sources (uses):												
Operating transfers in (out)	(459,817)	-	-	-	-	12,297	-	-	-	-	325,998	(121,522)
General obligation bond proceeds	-	-	-	-	-	-	-	-	-	-	213,000	213,000
Drainage district warrants	-	-	-	-	(103,175)	-	-	-	-	-	-	(103,175)
Total other financing sources (uses)	(459,817)	-	-	-	(103,175)	12,297	-	-	-	-	538,998	(11,697)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(57,284)	(2,274)	12,618	7,422	65,894	9,603	1,628	(270)	(6,200)	(2,290)	(45,866)	(17,019)
Fund balances beginning of year	394,248	17,611	26,673	14,520	(4,576)	52,124	67,345	2,276	6,200	2,290	3,798	582,509
Fund balances end of year	\$ 336,964	\$ 15,337	\$ 39,291	\$ 21,942	\$ 61,318	\$ 61,727	\$ 68,973	\$ 2,006	\$ -	\$ -	\$ (42,068)	\$ 565,490

See accompanying independent auditor's report.

BUENA VISTA COUNTY  
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND  
 AND LIABILITIES - AGENCY FUNDS  
 JUNE 30, 2006

Schedule 3

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<b>ASSETS</b>										
Cash and pooled investments:										
County treasurer	\$ 45,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,293,801
Other County officials	-	1,849	372,940	118,581	6,766	45,710	2,541	306,038	439,376	45,387
Receivables:										
Property tax:										
Delinquent	-	742	1,896	45,490	2,154	28,373	520	-	1,775	80,950
Succeeding year	-	160,486	410,003	10,059,208	467,907	3,877,402	217,498	-	379,678	15,572,182
Accounts	2,768	-	132	-	-	-	-	25,637	43,998	72,535
Special assessments	-	-	-	-	-	-	-	-	52,656	52,656
Total assets	<u>\$ 48,155</u>	<u>\$ 163,077</u>	<u>\$ 784,971</u>	<u>\$10,223,279</u>	<u>\$ 476,827</u>	<u>\$ 3,951,485</u>	<u>\$ 220,559</u>	<u>\$ 331,675</u>	<u>\$ 917,483</u>	<u>\$ 17,117,511</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ 4,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,447	\$ 61,583
Salaries and benefits payable	-	-	164	-	-	-	-	-	-	164
Due to other governments	34,336	163,077	780,671	10,223,279	476,827	3,951,485	220,559	331,675	857,319	17,039,228
Trusts payable	13,819	-	-	-	-	-	-	-	2,717	16,536
Total liabilities	<u>\$ 48,155</u>	<u>\$ 163,077</u>	<u>\$ 784,971</u>	<u>\$10,223,279</u>	<u>\$ 476,827</u>	<u>\$ 3,951,485</u>	<u>\$ 220,559</u>	<u>\$ 331,675</u>	<u>\$ 917,483</u>	<u>\$ 17,117,511</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS  
 AND LIABILITIES - AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2006

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<u>ASSETS AND LIABILITIES</u>										
Balances beginning of year	<u>\$ 45,037</u>	<u>\$ 159,750</u>	<u>\$ 630,241</u>	<u>\$10,286,108</u>	<u>\$ 584,578</u>	<u>\$ 3,918,010</u>	<u>\$ 216,532</u>	<u>\$ 345,871</u>	<u>\$ 804,871</u>	<u>\$ 16,990,998</u>
Additions:										
Property and other County tax	-	160,427	410,066	10,054,276	467,169	3,869,281	217,433	-	379,511	15,558,163
E911 surcharge	-	-	-	-	-	-	-	-	140,896	140,896
State tax credits	-	7,050	16,399	450,761	25,816	148,828	10,365	-	16,698	675,917
Office fees and collections	370,834	-	1,557	-	-	-	-	-	95,996	468,387
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	4,067,066	-	4,067,066
Assessments	-	-	-	-	-	-	-	-	6,776	6,776
Trusts	<u>391,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683,194</u>	<u>1,075,105</u>
Total additions	<u>762,745</u>	<u>167,477</u>	<u>428,022</u>	<u>10,505,037</u>	<u>492,985</u>	<u>4,018,109</u>	<u>227,798</u>	<u>4,067,066</u>	<u>1,323,071</u>	<u>21,992,310</u>
Deductions:										
Agency remittances:										
To other governments	372,126	164,150	273,292	10,567,866	600,736	3,984,634	223,771	4,081,262	644,988	20,912,825
Trusts paid out	<u>387,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,471</u>	<u>952,972</u>
Total deductions	<u>759,627</u>	<u>164,150</u>	<u>273,292</u>	<u>10,567,866</u>	<u>600,736</u>	<u>3,984,634</u>	<u>223,771</u>	<u>4,081,262</u>	<u>1,210,459</u>	<u>21,865,797</u>
Balances end of year	<u>\$ 48,155</u>	<u>\$ 163,077</u>	<u>\$ 784,971</u>	<u>\$10,223,279</u>	<u>\$ 476,827</u>	<u>\$ 3,951,485</u>	<u>\$ 220,559</u>	<u>\$ 331,675</u>	<u>\$ 917,483</u>	<u>\$ 17,117,511</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY  
FUNCTION - ALL GOVERNMENTAL FUNDS  
FOR THE LAST FIVE YEARS

Schedule 5

Modified Accrual Basis					
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:					
Property and other County tax	\$ 6,577,364	\$ 6,388,682	\$ 6,136,029	\$ 4,697,645	\$ 4,337,449
Interest and penalty on property tax	46,464	34,702	39,269	31,434	29,995
Intergovernmental	5,072,950	6,021,929	5,401,544	4,388,110	4,382,573
Licenses and permits	27,696	32,782	27,954	26,003	26,467
Charges for service	625,239	673,495	586,418	503,889	441,771
Use of money and property	240,451	151,098	129,839	154,053	220,720
Miscellaneous	499,302	367,317	197,088	128,306	59,039
Total	<u>\$13,089,466</u>	<u>\$13,670,005</u>	<u>\$12,518,141</u>	<u>\$ 9,929,440</u>	<u>\$9,498,014</u>
Expenditures:					
Operating:					
Public safety and legal services	\$ 2,130,132	\$ 1,916,398	\$ 1,891,622	\$ 1,789,460	\$1,648,975
Physical health and social services	987,561	1,022,394	1,081,819	1,167,713	1,063,282
Mental health	1,407,028	1,255,061	1,170,050	1,126,253	1,236,325
County environment and education	642,349	493,960	460,508	471,973	467,927
Roads and transportation	4,492,826	3,051,873	3,298,592	2,725,349	2,654,654
Governmental services to residents	488,654	452,522	436,248	345,670	301,108
Administration	1,019,714	979,435	963,822	1,009,896	925,179
Non-program	1,151,855	2,138,420	1,158,653	213,401	85,869
Debt service	858,289	1,265,592	881,621	693,761	697,150
Capital projects	710,072	257,978	332,071	1,846,546	633,988
Total	<u>\$13,888,480</u>	<u>\$12,833,633</u>	<u>\$11,675,006</u>	<u>\$11,390,022</u>	<u>\$9,714,457</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006

Schedule 6

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grant for Food Stamp Program	10.561		\$ 8,431
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228		32,605
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C011-(59)-8J-11	144,735
		BROS-C011-(64)-8J-11	7,148
		BROS-C011-(65)-8J-11	85,680
			237,563
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401		115,200
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		10,173
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,419
Foster Care - Title IV-E	93.658		5,248
Adoption Assistance	93.659		1,289
Medical Assistance Program	93.778		13,552
Social Services Block Grant	93.667		6,761
Social Services Block Grant	93.667		93,512
Iowa Department of Public Health:			
Consolidated Knowledge Development and Application (KD&A) Program	93.230	5885IP02	71,114
Immunization Grants	93.268	5885I426	51,627
Siouxland District Health Department:			
Center for Disease Control and Prevention- Investigations and Technical Assistance	93.283	5885BT03-LPHA1104	27,045

(Continued)

BUENA VISTA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006

Schedule 6  
(Continued)

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
State Homeland Security Grant Program (SHSGP I)	97.004		\$ 13,895
Homeland Security Grant Program			130,882
Homeland Security Grant Program	97.067		<u>37,757</u>
			<u>182,534</u>
Emergency Management Performance Grants	97.042		<u>11,555</u>
Total			<u>\$870,628</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Buena Vista County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated November 17, 2006. Our report on the financial statements was qualified because the materials and supplies inventory was not included. Except as discussed in the preceding sentence, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buena Vista County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect Buena Vista County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items II-A-06 and II-C-06 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Buena Vista County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in cursive script that reads "Herzogman, Putzier & Co.".

November 17, 2006

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Buena Vista County:

Compliance

We have audited the compliance of Buena Vista County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Buena Vista County's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Buena Vista County's management. Our responsibility is to express an opinion on Buena Vista County's compliance based on our audit.

We conducted our audit of compliance in accordance with the U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buena Vista County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buena Vista County's compliance with those requirements.

In our opinion, Buena Vista County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Buena Vista County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Buena Vista County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Hungelman, Putzier & Co.*

November 17, 2006

BUENA VISTA COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2006

Part I: Summary of the Independent Auditor's Results:

- (a) A qualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 20.205 - Highway Planning and Construction
  - CFDA Number 90.401 - Help America Vote Act Requirements Payments
  - CFDA Number 93.667 - Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Buena Vista County did not qualify as a low-risk auditee.

BUENA VISTA COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2006

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- II-A-06 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in an office may have control over areas for which no compensating controls exist.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review. Following are controls which should be implemented whenever possible:

1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.
3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants, or approve vouchers for payment.

Response - To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, reviewing of warrant with original claim documentation, and handling of petty cash.

Conclusion - Response accepted.

BUENA VISTA COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2006

Part II: Findings Related to the Financial Statements: - (Continued)

REPORTABLE CONDITIONS - (Continued)

- II-B-06    Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response – At the current time, sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion - Response accepted.

- II-C-06    Original Documentation - The Sheriff's department purchased a filing system for \$15,000 but the only support for this expenditure was a fax of a price quote. Also, the Conservation department submits a list of vendors to be paid but not the original invoices supporting those expenditures.

Recommendation - Expenditures should only be made based on original documentation and all checks written should be mailed immediately by the person preparing the checks and should not be returned to the departments requesting the payments.

Response – On March 21, 2007, the Board of Supervisors approved the following policy: "At the recommendation of the county's independent auditor, all claims submitted to the Auditor's office for payment shall be accompanied by the original invoice; the checks written shall be mailed immediately by the person preparing the checks and shall not be returned to the departments requesting the payment."

Conclusion - Response accepted.

BUENA VISTA COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2006

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-06 Certified Budget - Disbursements during the year ended June 30, 2006, did not exceed the amount budgeted in any function.

IV-B-06 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-06 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.

IV-D-06 Business Transactions - No business transactions between the County and County officials or employees were noted.

IV-E-06 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-F-06 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain a list of claims and the purpose as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims and the purpose of the claim.

Response - Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly, including the vendor and amount. More complete information is available by request.

Conclusion - Response accepted.



BUENA VISTA COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2006

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

IV-G-06 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-06 Resource Enhancement and Protection Certification - The County has dedicated property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-06 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2006, for the County Extension Office did not exceed the amount budgeted.

II-J-06 Carryover of Compensatory Hours - Unused compensatory time for two employees in the Auditor's department and one employee in the Recorder's department appears to be in excess of established policies as of June 30, 2006.

Recommendation - Unused vacation and compensatory hours should be monitored closely to determine that they are within County policy and legal guidelines.

Response - The Board of Supervisors will discuss the 'banked' compensatory time for employees in the Auditor's and Recorder's department and request that they develop a plan to reduce the banked comp time to employee handbook maximums.

Conclusion - Response accepted.

IV-K-06 Department Heads Vacation Carryover - The department heads of E911 and Conservation had approximately 700 hours and 650 hours, respectively, of accrued vacation as of June 30, 2006. Although the County's policy allows the carryover of vacation with department head approval, these amounts result in a current liability which may become a substantial payment at a future date.

Recommendation - To avoid a possible substantial payment in the future, the Board should consider eliminating some of this carryover through payments or paid time off.

Response - The Board of Supervisors will meet with the Sheriff (regarding the E911 Coordinator) and the Conservation Board (regarding the Conservation Director) to discuss the accrued vacation of the E911 Coordinator and the Conservation Director, and to assist in developing a plan to reduce carryover to the level allowed in the Employee Handbook.

Conclusion - Response accepted.